



Nations-Tobin Recreation Center 2nd Follow-Up Audit

Issued by the
Internal Audit Office
April 16, 2009

**City of El Paso
Internal Audit Office
Nations-Tobin Recreation Center 2nd Follow-Up Audit**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a 2nd follow-up on the original Nations-Tobin Recreation Center Audit Report dated November 30, 2005. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Original Finding	Status
1	Nations Tobin Recreation Center held events and no rental fees were charged to the users.	Implemented
2	Lessee Coast-to-Coast Hockey, Inc. selling out of Nations Tobin Recreation Center has not complied with the contract's "Remuneration" proviso. At the end of fiscal year 2005, out of twelve payments to be collected, three payments remained uncollected and outstanding from 91 to 364 days. The lessee made nine payments, and eight of these were paid from 2 to 41 days late.	Not Applicable
3	In fiscal year 2005, Nations Tobin had \$1,303.00 of uncollected players fees revenue.	Implemented
4	In fiscal year 2005, 12 out of 22 deposits (55%) were not made timely as directed by City policy. No deposits were made during February and April even though there was \$3,288.00 collected and receipted from January 16th to March 7th, and \$1,985.00 from March 30th to May 8th. Monies were not deposited until March 8th and May 10th, respectively and as a result \$5,273.00 was not deposited timely.	Implemented
5	There is a lack of guidance from the Parks & Recreation Administration regarding concessions at Nations Tobin; and no concession policies and procedures are in place for recreation centers especially for non-profit concessionaires. It was not possible to verify if outside vendors were authorized by the City to sell at Nations Tobin, because concession permits were not kept on file and no other form of written approval was available. No sales percentage or fee was paid to the City and vendors did not carry liability insurance.	Implemented
6	In fiscal year 2005, Parks & Recreation Accounting Staff transposed \$4,652.00 in revenue collected at Nations Tobin among revenue accounts 404302 (Soccer Fees), 404307 (Hockey League Fees) and 405020 (Rentals). \$1,250.00 of revenue collected for Hockey League Fees did not post to the general ledger; and \$675.00 originally collected for Hockey Leagues Fees and posted to Soccer Fees account by the Accounting Staff, was reversed by mistake. Moreover, the Center's Director misclassified \$1,420.00 in the deposit sheet submitted to the Accounting Staff for posting.	Implemented
7	Lessee Coast-to-Coast Hockey, Inc. selling out of Nations-Tobin Recreation Center has not complied with the contract proviso, which requires concessionaire to carry liability insurance.	Not Applicable

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For a detailed explanation of each of the findings and the current observations please refer to the appropriate finding contained in the body of this Audit Report.

Based on the results of this 2nd follow-up audit, five (5) of the original seven (7) findings have been implemented and two (2) are no longer applicable. No additional follow-up audits will be conducted by the Internal Audit Office.

Type of Audit	Date of Audit	Results
Original Audit	November 30, 2005	7 Original findings identified
1 st Follow-Up Audit	November 30, 2007	3 Findings fully implemented 4 Findings not implemented
2 nd Follow-Up Audit	April 16, 2009	5 Findings fully implemented 2 Findings not applicable

BACKGROUND

The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*, Standard 2500.A1, requires a post audit follow-up on all audit recommendations made to ascertain that appropriate action is taken on reported audit findings. The Internal Audit Office has conducted a 2nd follow-up audit of the Nations-Tobin Recreation Center Audit Report dated November 30, 2005.

Nations-Tobin is one of 16 recreation centers managed by the Parks and Recreation Department. As part of the Department's mission statement to maintain quality indoor facilities and provide structured recreational activities for all citizens of El Paso, the Center provides activities in sports such as inline hockey, soccer, and boxing. It operates an inline hockey program that features a professionally equipped hockey rink and year-round organized leagues for players of all ages.

AUDIT OBJECTIVES

The audit objective was to determine the status of the four (4) pending recommendations not considered implemented during the initial follow-up.

SCOPE & METHODOLOGY

The 2nd follow-up audit was limited to a review of the findings and recommendations detailed in the original audit report, dated November 30, 2005. The audit period covered the operations of the Nations-Tobin Recreation Center from September 1, 2008 to the present. Audit fieldwork included interviewing key personnel, reviewing documents, and testing management processes to determine the status of each recommendation.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S
RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Original Finding 1

Nations-Tobin Recreation Center held the following events and no rental fees were charged to the users:

Event	Dates	Fees Paid
USA Hockey Inline Player Camp	3/18-20/2005	-
USA Hockey Inline Girls Camp	5/20-22/2005	-
USA Hockey Inline Tournament	5/28-30/2005	-
Amateur Athletic Union Tournament	6/17-19/2005	-
Total		-

Recommendation

Parks and Recreation management needs to provide oversight and monitor the activities of the Center's Director. A process needs to be implemented to track and monitor user fees at Recreation Centers.

Management's Response

The Parks & Recreation Department has as a FY06 Objective for implementation of a web-based recreation and facility-scheduling program. This program will centralize all facility reservations in the Business & Customer Service (Administrative) Division at City Hall. This program will further track programming fees at centers. The facility scheduling program will block out "basic programming" times at each location and require that facility reservations which generate user fees be centralized. Besides monitoring this, it will also allow oversight to better control the scheduling of events and collection of user fees.

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Management's Response (continued)

The short-term response is that the Recreation Services Manager through the Regional Recreation Superintendent and Recreation Services Coordinator responsible for Nations-Tobin will monitor all activities at this location more closely. Below please find a list of actions that have taken place or are about to take place to further remedy these findings:

- A. The Recreation Services section now oversees this unit. By moving this unit to Recreation Services, closer supervision will be given to both programming and the financial operations.
- B. A Recreation Services Coordinator now oversees this unit. The Recreation Services Coordinator took over the unit early in the summer and has been working on correcting programming and fiscal issues.
- C. A Regional Recreation Superintendent was hired in the middle of the summer and is working closely with the Recreation Services Coordinator to correct the deficiencies. We now have a more consistent supervisory staff that will help correct any issues brought up by this audit.
- D. All deposits are now being monitored on a weekly basis. Discrepancies are now more easily identified with the help of the Financial Manager and his staff. The Nations Tobin operation has been flagged for closer supervision.
- E. The new Regional Recreation Superintendent is holding weekly meetings on the standardization of all fiscal procedures. This initiative will include ledgers, class logs, deposit reports, and other administrative documents.
- F. Effective September 15, 2005, a new policy was approved and implemented regarding facilities usage and rentals. The Regional Recreation Superintendent or Recreation Services Manager must authorize all building usage, other than the regular weekly party rentals. This means that the Recreation Services Supervisor cannot rent out the center for sports tournaments, private agencies, or school events without approval from the administration.
- G. All concessions have been restricted from the center unless authorized by the Administration as required by present policies and rental fees.

Responsible Party

Pete Dunavant will be responsible to implement the web-based recreation and facility-scheduling program. Joe Rodriguez, Recreation Services Manager, will be responsible to implement the monitoring of all activities at Nations-Tobin to ensure that user fees for all programs and facility rentals are charged and collected.

Implementation Date

The Web Based Recreation and Facility scheduling program will be implemented by August 31, 2006. The monitoring activities have already been implemented.

First Follow-Up Observation

Facilities Use Agreements are submitted to the Parks & Recreation Department Sports Manager for review and approval. The Nations-Tobin Recreation Center was rented one time during fiscal year 2007. The facilities use agreement for the rental was reviewed and the collection of the appropriate rental fee was verified.

First Follow-Up Status

Implemented.

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Original Finding 2

Lessee Coast-to-Coast Hockey, Inc. selling out of Nations-Tobin Recreation Center has not complied with the contract's "Remuneration" proviso. At the end of fiscal year 2005, out of twelve payments to be collected, three payments remained uncollected and outstanding from 91 to 364 days. The lessee made nine payments, and eight of these were paid from 2 to 41 days late.

No.	Due Date	Pmt. Date	Days Late
1	9/1/2004	Not paid as of 8/31/05	364
2	10/1/2004	Not paid as of 8/31/05	334
3	11/1/2004	11/1/2004	On time
4	12/1/2004	12/6/2004	5
5	1/1/2005	1/3/2005	2
6	2/1/2005	3/4/2005	32
7	3/1/2005	3/4/2005	3
8	4/1/2005	5/11/2005	41
9	5/1/2005	5/11/2005	10
10	6/1/2005	Not paid as of 8/31/05	91
11	7/1/2005	8/8/2005	39
12	8/1/2005	8/8/2005	7

Recommendation

Parks and Recreation Department management needs to collect outstanding payments and monitor that Nations-Tobin is collecting these payments on a timely basis.

Management's Response

The center has collected and deposited the rental fee due for June 2005. Management has decided not to pursue collection of the unpaid fees for September and October 2004, since Coast-to-Coast Hockey did not occupy the facility until November 2004.

The billing of monthly rental fee will be turned over to Financial Services effective November 1, 2005. This will produce a monthly bill to this renter. All payments will be handled by mail with City Hall and all monitoring will be done by Financial Services. This fee will continue to be credited to Nations-Tobin User Fee accounts.

Responsible Party

Pete Dunavant will set up this process with Financial Services.

Implementation Date

November 1, 2005

First Follow-Up Observation

The Financial Services Department, Accounts Receivable Section, bills Coast-to-Coast Hockey, Inc. on a monthly basis and receives the payments. However, invoices are not being prepared according to the contract terms. Per the contract, lease payments are due in advance on the first day of each month, but Coast-to-Coast Hockey, Inc. is being billed in arrears.

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First Follow-Up Observation (continued)

Testing was conducted to determine if lease payments made by Coast-to-Coast Hockey, Inc. were collected on a timely basis. The following are the results of the testing:

- 11 out of 12 lease payments (92%) made during fiscal year 2007 were between one and 88 days late.
- Two out of two lease payments (100%) due in fiscal year 2008 have not been paid as of 10/22/2007.

On October 16, 2007 the Parks & Recreation Department sent a cure letter to Coast-to-Coast Hockey, Inc. notifying them that if they do not take corrective action the City would terminate their contract for defaulting on lease payments.

First Follow-Up Status

Not Implemented.

Current Observation

Coast to Coast Hockey Inc. is no longer leasing space at Nations-Tobin Recreation Center. Nations-Tobin Recreation Center is currently in the process of converting the space into an office area.

Current Status

Not applicable.

Original Finding 3

In fiscal year 2005, Nations-Tobin had \$1,303.00 of uncollected player fees revenue. The table below is a breakdown per each inline hockey season, enumerating participants that did not pay the corresponding player fees, and the amount of uncollected player fees.

Season	Non-Paying Players	Total Players Enrolled	Percentage	Unpaid Amount
Fall	4	138	3%	\$ 100.00
Winter	12	140	9%	300.00
Spring	21	153	14%	525.00
Summer	14	159	9%	378.00
Total	51	590	9%	\$ 1,303.00

Recommendation

Nations-Tobin management needs to ensure player fees are collected accordingly and implement a process to track and monitor collection of player fees.

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Management's Response

The Parks & Recreation Department has a User Fee Ordinance approved by City Council that specifies that all participants pay fees. Further this ordinance allows for discounts when participants meet certain defined economic guidelines. Only City Council has the authority to waive or discount fees, not an employee of the Parks & Recreation Department. Our response is that the Recreation Services Manager through the Superintendent and Cluster Leader responsible for Nations-Tobin will monitor all activities at this location much more closely.

Responsible Party

Joe Rodriguez will be responsible to implement the monitoring of all activities at Nations-Tobin to ensure that user fees for both programs and facility rentals are charged and collected.

Implementation Date

October 31, 2005

First Follow-Up Observation

Based on a review of the player fees for the Summer 2007 Inline Hockey League, we determined that Nations-Tobin management has implemented a process to track, monitor, and collect player fees.

There were 43 players signed up for the Summer 2007 Inline Hockey League. A ten percent sample was selected for testing to verify that the player fees listed on the league spreadsheet had been collected. The following are the results of our testing:

- Five out of five player fees (100%) were collected.

First Follow-Up Status

Implemented.

Original Finding 4

In fiscal year 2005, 12 out of 22 deposits (55%) were not made timely as directed by City policy. No deposits were made during February and April even though there was \$3,288.00 collected and receipted from January 16th to March 7th, and \$1,985.00 from March 30th to May 8th. Monies were not deposited until March 8th and May 10th respectively, and as a result \$5,273.00 was not deposited timely.

Recommendation

Parks and Recreation Department management needs to ensure Nations-Tobin Director is depositing receipts timely and submitting proper documentation to Parks and Recreation Center Accounting Section.

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Management's Response

The Business & Customer Service (Administration) Division has implemented a monitoring system to track deposits at all Parks & Recreation locations. This is done weekly and those locations that have not made bank deposits in accordance with our internal procedure (deposit whenever \$100 of cash is collected but no less than weekly) will be referred to the appropriate supervisor for corrective action.

Responsible Party

Pete Dunavant

Implementation Date

October 31, 2005

First Follow-Up Observation

The proper support documentation is being submitted to the Parks & Recreation Department Accounting Section. However, deposits are not being made on a timely basis, whenever \$100 of cash is collected but no less than weekly, as required by the Parks & Recreation Department's internal policy.

A review of deposits made during the months of September 2006, June 2007, and September 2007 was performed.

Testing results were as follows for the required deposits of \$100 or more:

Deposit Month	Receipt Dates	Number (#) of Deposits			Amount (\$) of Deposits			Calendar Days Late
		Required per Policy	Not Deposited Timely	% Not Deposited Timely	Required per Policy	Not Deposited Timely	% Not Deposited Timely	
Sep 2006	9/1/06-9/19/06	8	5	63%	\$ 3,211.00	\$ 1,335.00	42%	4 to 7
June 2007	5/29/07-6/23/07	17	16	94%	\$ 6,399.00	\$ 5,927.00	93%	3 to 14
Sep 2007	8/2/07-9/12/07	13	13	100%	\$ 3,600.00	\$ 3,600.00	100%	5 to 32

Testing results were as follows for the required deposits on at least a weekly basis:

	Week Range	Weekly Deposit	Deposit Date
September 2006	9/4/06 - 9/10/06	No	-
	9/11/06 - 9/17/06	Yes	9/11/06
	9/18/06 - 9/24/06	Yes	9/18/06
	9/25/06 - 10/1/06	Yes	9/25/06
June 2007	6/4/07 - 6/10/07	No	-
	6/11/07 - 6/17/07	Yes	6/11/07
	6/18/07 - 6/24/07	Yes	6/19/07
	6/25/07 - 7/1/07	Yes	6/25/07
September 2007	9/3/07 - 9/9/07	Yes	9/4/07
	9/10/07 - 9/16/07	Yes	9/10/07; 9/12/07
	9/17/07 - 9/23/07	Yes	9/21/07
	9/24/07 - 9/30/07	No	-

- Three out of 12 deposits (25%) were not made on at least a weekly basis.

First Follow-Up Status

Not Implemented.

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Current Observation

There has been sufficient progress with respect to the deposits of funds received and the amount of calendar days late has improved. Also, the proper support documentation is being submitted to the Parks and Recreation Department Accounting Section, and deposits are being made weekly. There were 10 out of 13 deposits still not being made whenever \$200.00 of cash is collected as required by the Parks and Recreation Department's internal policy. However, the number of late days has decreased from three to 32 days late to one to six days late.

Timeliness of deposits was addressed in the Parks Department Audit issued June 18, 2008 as Finding 4 and will be followed up on during the Parks Department Follow-Up Audit.

Testing results were as follows for the required deposits of \$200.00 or more:

Deposit Month	Receipt Dates	Number (#) Of Deposits			Amount (\$) of Deposits			Calendar Days Late
		Required Per Policy	Not Deposited Timely	% Not Deposited Timely	Required Per Policy	Not Deposited Timely	% Not Deposited Timely	
Mar-09	3/2/09-3/30/09	13	10	77%	\$ 8,956.00	\$ 3,150.00	35%	1 to 6

Testing results were as follows for the required deposits on at least a weekly basis:

	Week Range	Weekly Deposit	Deposit Date
Mar-09	3/1/09-3/7/09	Yes	3/3 and 3/4
	3/8/09-3/14/09	Yes	3/9, 3/11, and 3/12
	3/15/09-3/21/09	Yes	3/16 and 3/17
	3/22/09-3/28/09	Yes	3/23 and 3/24
	3/29/09-3/31/09	Yes	3/30

Current Status

Implemented

Original Finding 5

There is a lack of guidance from the Parks and Recreation Administration regarding concessions at Nations-Tobin; and no concession policies and procedures are in place for recreation centers, especially for non-profit concessionaires. It was not possible to verify if outside vendors were authorized by the City to sell at Nations-Tobin, because concession permits were not kept on file and no other form of written approval was available. No sales percentage or fee was paid to the City and vendors did not carry liability insurance.

Recommendation

Since there is no concession policy in place, best practice recommends for Nations-Tobin Management to ensure that all vendors selling merchandise at the Center complete the necessary concession permit paperwork, obtain written approval from Parks and Recreation Administration and keep them on file. A consistent policy needs to be formulated at the Administration level that applies to all vendors at recreation centers, and which may include a proviso regarding collection of any fees based on a percentage of their sales.

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Management's Response

The Parks and Recreation Department has User Fees established for the rental of facilities to sell concession at all facilities. However, we do not have a clearly stated concession policy concerning the use of our facilities by groups for the sale of food or merchandise at temporary locations (tables, etc.) for short periods (one or two days). We are now working to establish such a policy. Responsibility for the existing system to allow vendors to sell food items at our outdoor sports fields has recently been turned over to the Health Department.

Responsible Party

Pete Dunavant

Implementation Date

January 31, 2006

First Follow-Up Observation

A Concession Policy for Recreation Centers has not been developed.

There is a Concession Policy for Athletic Fields and Pools which outlines a lottery process used to assign vendors to the various athletic fields and pools. However, this policy does not cover the assignment of vendors to sell outside of recreation centers. As a result, the Nations-Tobin Recreation Center was allowed to provide a concession permit to a vendor of their choice, without written approval from the Parks and Recreation Department Administration, rather than to a vendor assigned through a lottery process.

First Follow-Up Status

Not Implemented.

Current Observation

There is currently a concessionaire policy in place for outside vendors to sell inside or adjacent to Recreation centers.

- Section I.A of the El Paso Parks and Recreation Department Concession Policy dated 3/9/08, created by the Sports Manager states "The following policy is for Outside Vendors to sell inside or adjacent to the Individual Center."
- Based on inquiries and interviews with Parks and Recreation Management, concessionaires are not allowed to sell inside the facilities due to the potential liability and related liability issues that are not addressed in the current Parks and Recreation Department Concession Policy.
- Based on the existing policy and management's decision to limit it's potential liability, we are of opinion that sufficient progress has been made to clear this finding.

Current Status

Implemented.

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Original Finding 6

In fiscal year 2005, Parks and Recreation Accounting Staff transposed \$4,652.00 in revenue collected at Nations-Tobin among revenue accounts 404302 (Soccer Fees), 404307 (Hockey Leagues Fees), and 405020 (Rentals). \$1,250.00 of revenue collected for Hockey League Fees did not post to the general ledger; and \$675.00 originally collected for Hockey Leagues Fees and posted to Soccer Fees account by the Accounting Staff, was reversed by mistake (Refer to table below). Moreover, the Center's Director misclassified \$1,420.00 in the deposit sheet submitted to the Accounting Staff for posting.

Account	Receipts	Deposits	GL	<u>Differences</u>		
				Transposed Amounts	Posting Errors	Net Differences
404301	\$ 465.00	\$ 465.00	\$ 465.00	\$ -	\$ -	\$ -
404302	4,913.00	4,913.00	6,659.00	(2,421.00)	675.00	(1,746.00)
404307	13,847.00	13,847.00	7,945.00	4,652.00	1,250.00	5,902.00
405020	4,565.00	4,565.00	6,796.00	(2,231.00)	-	(2,231.00)
405060	300.73	300.73	300.73	-	-	-
405065	2,618.00	2,618.00	2,618.00	-	-	-
203401	25.27	25.27	25.27	-	-	-
Totals	\$26,734.00	\$26,734.00	\$24,809.00	-	\$1,925.00	\$1,925.00

Recommendation

Nations-Tobin Management needs to ensure revenue is classified correctly when transferring account totals from the Center's revenue ledger to the deposit sheet submitted to the Parks and Recreation Department Accounting Section for posting. Additionally, the Accounting Staff should verify information on receipts, especially the sources of revenue in order to avoid transposing and posting revenue incorrectly.

Management's Response

The staff person responsible for entering deposits has been instructed to ensure that all revenue is recorded to the proper accounts. Further, if a "zero budget line" has not been established, to ask the appropriate person to establish such lines rather than recording revenue for convenience to another account.

Responsible Party

Pete Dunavant

Implementation Date

November 30, 2005

First Follow-Up Observation

A review of revenues deposited during the months of September 2006, June 2007 and September 2007 was performed. The results of our testing indicates that Nations-Tobin Management is reviewing and properly classifying revenue and that the Parks & Recreation Department Accounting Staff is reviewing and properly posting revenue transactions.

First Follow-Up Status

Implemented.

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Original Finding 7

Lessee Coast-to-Coast Hockey, Inc. selling out of Nations-Tobin Recreation Center has not complied with the contract proviso, which requires concessionaire to carry liability insurance.

Recommendation

Parks and Recreation Department management needs to ensure a copy of current liability insurance is on file at the Center and also a copy is kept by Parks and Recreation Administration at all times for monitoring purposes. Coverage needs to be confirmed with insurance company/agent at every policy renewal while contract is in place.

Management's Response

Procurement awarded Coast-to-Coast this contract without them providing a certificate of insurance. This was not in accord with their internal procedures. Coast-to-Coast has now provided Parks and Recreation with a current insurance certificate naming the City of El Paso as an additional insured. However proper insurance was not in place from the date of the contract award (May 2004 to October 2005).

Responsible Party

Pete Dunavant

Implementation Date

November 30, 2005

First Follow-Up Observation

A copy of current liability insurance for Coast to Coast Hockey, Inc. was not maintained on file by the Nations-Tobin Recreation Center or the Parks & Recreation Department. In addition, the Parks & Recreation Department did not confirm coverage with insurance company/agent at every policy renewal period.

On October 16, 2007 the Parks & Recreation Department sent a cure letter to Coast to Coast Hockey, Inc. notifying them the City would terminate the contract for non-compliance if they did not take corrective action.

First Follow-Up Status

Not Implemented.

Current Observation

Coast to Coast Hockey Inc. is no longer leasing space at Nations-Tobin Recreation Center; therefore current liability insurance is not required to be on file.

Current Status

Not applicable

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this 2nd follow-up audit, we found that of the seven (7) original findings, five (5) recommendations have been implemented and two (2) are no longer applicable. Therefore, no additional follow-up will be conducted by the Internal Audit Office.

We wish to thank the management and staff of the Nations-Tobin Recreation Center and the Parks & Recreation Department for their assistance and numerous courtesies extended during the completion of this follow-up audit.

Signature On File

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Signature On File

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Auditor

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